



## **Management and Fiscal Policy Update**

### **MFP Committee News from the Chair**

**July 7, 2010**

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**NOTE:** Councilmember Duchy Trachtenberg is providing regular updates of the work of the County Council's Management and Fiscal Policy (MFP) Committee as it considers a range of key issues facing the Council and Montgomery County. The purpose of these updates is to provide Montgomery County residents with important information regarding the County's fiscal situation and alternative strategies for addressing our short and long-term fiscal challenges.

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### **Montgomery County Retains Triple-A Bond Rating**

Today at a 12 p.m. press conference, County Executive Ike Leggett announced that Montgomery County has retained its Triple-A bond rating from all three rating agencies. Mr. Leggett thanked Councilmember Duchy Trachtenberg for her hard work as Chair of the Management and Fiscal Policy (MFP) Committee, which made recommendations to the full Council to pass new fiscal and reserve policies for the County. The possibility of a downgrade from the rating agencies was a critical factor for implementing new fiscal policies. In April, Moody's placed Montgomery County on a "watch list" due to falling County revenues.

Montgomery County has never received less than a AAA bond rating in 35 years. The importance of a AAA bond rating cannot be understated. The Triple-A bond rating allows Montgomery County to issue bonds, for its capital borrowing, at the most favorable rates, saving County taxpayers millions of dollars a year.

### **Six-Year Fiscal Plan & New Reserve Policy**

On June 29<sup>th</sup>, the County Council approved a Six-Year Fiscal Plan and new reserve policies as recommended by the MFP Committee. The balanced Six-Year Fiscal Plan is designed to help the County achieve a structurally balanced budget for future years. The plan seeks to match expenditures to available revenues without any

drawdown of reserves. The new reserve policy would gradually increase the targeted total reserve over the next 9 years from 6% to 10%; and result in a larger reserve for the County, and less spending on government agencies.

Top ratings are the key to borrowing money cheaply for county projects and are seen as an important endorsement of a jurisdiction's overall fiscal health. It was necessary for Montgomery County to stabilize its finances in order to maintain its AAA rating by Fitch, Moody's and Standard and Poor's. The County as a whole needs to be fiscally prudent to keep our financial house in order.

## **Councilmember Trachtenberg's Statement**

Councilmember Trachtenberg issued the following statement at today's press event:

Last week, by voting to require annual contributions to the County's reserves and mandate balanced budgets, Montgomery County's elected officials caught up to where the residents have been for quite some time. Long before the current recession, families in our area recognized the need for fiscal discipline, debt reduction, sensible spending, and long-term planning.

But the clock has finally run out on the thought that government can spend without consequence or make budget policy without discipline – and it is not just citizens who are demanding a new era of scrupulousness and fiscal responsibility. The bond agencies that rate counties' financial health, thus determining the rate at which municipalities can borrow money, have made it clear that Montgomery County budgets have to change; and this year's budget did. For the first time in 40 years, the budget which was passed by the Council at the recommendation of the Executive cut spending.

Today's vote of confidence from Moody's and the other positive actions from Fitch and Standard and Poor's underscore the importance of recent actions taken in Montgomery County.

As governments at every level – national, state, county and municipality – struggle to rein in spending and find a way to maintain essential services, the urgency of sober and serious fiscal planning is inescapable. As stewards of the County's economy, the Executive and the County Council have shown real leadership and a vision for the future by building our reserves and clearing a path towards balanced budgets. When the current fiscal crisis is finally past, our fiscal plan and actions of the last month will be seen as part of the solution.

## **Future MFP Meetings July 12**

The MFP Committee will meet on Monday, July 12 at 9:30 a.m. and at 2:00 p.m. Both meetings will be held in the 3<sup>rd</sup> Floor Conference Room of the County Council Office Building located at 100 Maryland Avenue in Rockville. The MFP Committee will discuss the following agenda items at 9:30 a.m.:

- Interagency Technology Policy and Coordination Committee (ITPCC) - 2011 Work Program
- Update - consolidation options and risk analysis with departmental impact of IT service level reductions
- Report on ERP Launch
- Quarterly review - Cable television issues
- Bill 34-10, Finance - Public Facilities - Private Projects

The MFP Committee will discuss the following agenda items at 2:00 p.m.:

- Memorandum of Agreement with Municipal and County Government Employees Organization (MCGEO)
- Memorandum of Agreement with Municipal and County Government Employees Organization (MCGEO) on furlough procedures
- Memorandum of Agreement with Montgomery County Career Fire Fighters Association (IAFF)
- Memorandum of Agreement with Montgomery County Volunteer Fire Rescue Association (MCFVRA)
- Executive Regulation 27-09, General Applicability of Personnel Regulations to Employees of Local Fire and Rescue Departments

The MFP Committee includes Councilmembers Duchy Trachtenberg, Valerie Ervin and Nancy Navarro.

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For more information on this MFP Update, please contact Laurie Mintzer Edberg, Director of Management and Fiscal Policy, at 240-777-7948 or [laurie.edberg@montgomerycountymd.gov](mailto:laurie.edberg@montgomerycountymd.gov)

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If you would like to receive Management and Fiscal Policy Updates from Councilmember Duchy Trachtenberg, please e-mail [councilmember.trachtenberg@montgomerycountymd.gov](mailto:councilmember.trachtenberg@montgomerycountymd.gov) with the subject **Subscribe** .

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